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THE WORK OF THE COMMISSION CONCERNING ECONOMIES IN TRANSITION IN EASTERN AND CENTRAL EUROPE

(Decision D (45))

Report by the Executive Secretary

1. This report has been prepared pursuant to paragraph 5 of decision D (45). In other decisions of the forty-fifth session, and in particular in decision O (45) adopted at its resumed session, the Commission reiterated its concern with the need "to promote the process of economic reform and integrating the economies in transition with the global economy".

2. In paragraph 3(e) of decision O (45) the Commission determined "that the primary work methods to address transition issues should be workshops,..."; in paragraph 3(f) it referred to the "nature of the topics to be addressed by such informal activities"; in paragraph 3(g) the Commission identified as examples a list of general categories of issues and problems to be addressed by this means.

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3. The present report, therefore, covers the provisions of both decisions, D (45) and O (45), in so far as they relate to transition issues in general. It is divided into two parts:

A. Workshops to assist countries in transition to a market economy;

B. Other activities to assist countries in transition to a market economy and their integration into the European and global economy.

4. In carrying out these activities the Commission and its secretariat have co-operated closely with international economic agencies and institutions in the region, notably the European Community, the Organization for Economic Co-operation and Development (OECD), the World Bank, the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). Steps have also been taken to obtain contributions or sponsorship for workshops or other transition activities from these organizations. (For more information, see E/ECE/1229 and elements under the sectoral headings below.)

A. Workshops to assist countries in transition to a market economy

5. Considerable activity has taken place since the forty-fifth session with respect to the identification of topics for, and the organization of, workshops by the various subsidiary bodies of the Commission, as can be seen from the table in Annex I. These activities have taken various forms, ranging from large-scale multilateral meetings on a broad general subject, to assistance to individual countries on a specific issue.

6. A check-list of the 13 workshops which have been held, and the 31 planned for the coming year, reflecting the situation on 15 March 1991, is contained in Annex I to this report. As can be seen from this check-list, various international, intergovernmental, non-governmental and professional bodies have already taken an active part in the organization or sponsoring of workshops.

Development issues and policies

7. Pursuant to decision D (45), the Senior Economic Advisers in May/June 1990, discussed "practical themes for workshops that may be proposed to Principal Subsidiary Bodies concerned at their next session, using whenever possible an inter-disciplinary approach". They agreed that a workshop should be understood as an informal meeting led by one or more countries that are responsible for preparing and organizing the basic documentation. The product of a workshop should be a case study that presents a particular problem and the efforts, successful or not, to resolve it.

8. In accordance with paragraph 2 of the decision, the Senior Economic Advisers prepared a list of themes as a basis for the selection of topics that might be considered in a workshop (ECE/EC.AD/36, paras. 50-52 and Annex II). The list was classified by areas corresponding to the fields of activity covered by other Principal Subsidiary Bodies, and was drawn to the attention of the Principal Subsidiary Bodies at their meetings during the year. The Senior Economic Advisers themselves have taken up two elements from the list of themes to be considered in workshops in 1991 (see Annex I).

Food and agriculture (including forestry products)

9. Agriculture: In March 1991 the Committee on Agricultural Problems agreed on the following topic for a workshop: Legislative and economic measures and problems related to the privatization of agricultural units. The Working Party on Economics of the Agri-food Sector and Farm Management was entrusted with the preparatory work, and a host country is being sought.

10. Timber: In addition to the workshop planned for Hungary in September/October 1991 (see Annex I), two others are envisaged, on commercial and economic aspects of wood raw material supply under market economy conditions, and on questions relating to the forest labour force under market economy conditions. The Steering Committee of the Joint FAO/ECE/ILO Committee on Forest Technology, Management and Training will review progress in this respect at its meeting in June 1991.

Environment

11. At their fourth session in February/March 1991 the Senior Advisers on Environmental and Water Problems agreed to organize workshops to exchange information and experience in specific areas of environmental management among competent authorities at different levels, and with experts from research institutions and public and private enterprises. Such workshops would be organized at the request of the countries concerned and with the assistance of other member countries and the secretariat. Two workshops are scheduled for 1991 (see Annex I).

Committee on Human Settlements

12. In addition to those shown in Annex I, further workshops are planned for the autumn of 1991. It will be recalled that the Committee on Housing, Building and Planning had established clear guidelines for the organization of workshops at its session in September 1990, and that these were recommended to other bodies by the Commission, with some modifications, in its decision O (45).

Industrial development

13. Chemicals: In addition to those listed in Annex I, it is envisaged that a workshop will be held on problems affecting the food-processing industry, as part of the programme of a study tour of the Hungarian food-processing industry in 1991.

14. Engineering industries and automation: The third in the series of workshops on rehabilitation engineering (in 1992) will concentrate on issues of interest to economies in transition. A new project dealing with the adjustment of engineering industries in economies in transition will be implemented by a series of workshops dealing with enterprises in the engineering industries, the problems they are encountering and the support programmes which they need to assist them.

International trade and development finance

15. The Committee on the Development of Trade and the Working Party on Standardization Policies have both decided on the organization of workshops on practical assistance to the economies in transition to overcome technical obstacles to the development of their trade (see Annex I). The Working Party will examine issues relating to the organization of such workshops, and notably their financial aspects, at its session in May 1991.

Energy issues

16. On the basis of the broad themes identified by the Senior Economic Advisers which concerned the energy sector, the Working Parties on Coal, Gas and Electric Power selected a number of specific topics, two of which were the subject of workshops already in 1990, and another four will be taken up in 1991 (see Annex I).

Transport, communications and tourism

17. The question of possible topics for workshops in the light of decision D (45) and the recommendations of the Senior Economic Advisers was brought to the attention of the Inland Transport Committee and its Principal Working Parties, and the latter identified items which might be discussed in such workshops. In addition, topical issues for workshops in the field of transport economics and traffic forecasting might be selected at the Seminar on the Analysis of Traffic Flows within Transport Corridors in Europe, to be held in Volos (Greece) in June 1991. The list shown in Annex I may be extended by a further workshop in Romania on a topic concerning road transport.

Statistics

18. The Conference of European Statisticians in June 1990 focused on transition, integration and development projects and, as can be seen from the list in Annex I, the Conference and its secretariat have been very active in organising workshops (eight already held, and two firmly scheduled for 1991). Special attention has been paid to supporting national statistical offices in transition countries. The type of workshop has varied widely, depending on the topic identified by the national statistical office in question, and its specificity. Participation ranged from 26 member countries at the Joint ECE/World Bank Workshop on Transition Problems in Statistical Offices in May 1990, to bilateral participation at highly specific events, such as the Workshop on Development of Handicraft Statistics in Poland, organized and chaired by the Federal Statistical Office of Germany. Various formulae were adopted for the financing of the participation from transition countries and the provision of facilities for the different events.

B. Other activities to assist countries in transition to a market economy and their integration into the European and global economy

19. A wide variety of other activities have been undertaken to assist economies in transition, often as the result of a detailed review by the Principal Subsidiary Bodies of their programmes of work, in the light of decisions O (45) and D (45). In many cases this has resulted in a re-shaping

of the programme of work, and the consideration of new methods of work to permit a rapid and effective response to the needs of the economies in transition. In some cases it has permitted the provision of advisory services by, or through the intermediary of, the secretariat.

20. The secretariat was also able to act as a partner, at the suggestion of the Economic Commission for Latin America and the Caribbean (ECLAC), by helping to arrange an informal, high-level dialogue in Vienna in March 1991 between certain ECLAC members and ECE countries of central and eastern Europe on macro-economic policy issues concerning stabilization, restructuring, economic reforms and transition to market economies.

21. Some examples of the sectoral activities undertaken are given below.

Development issues and policies

22. The secretariat initiated a discussion with the OECD secretariat concerning data collection and dissemination, notably in respect of the European economies in transition. A preliminary framework for mutual division of labour and co-operation has been drawn up. The secretariat has initiated similar discussions with the Commission of the European Communities and the EBRD, which should take place in the course of 1991.

23. In response to an increasing interest of government and research organizations of the member countries, the secretariat organized a second Symposium on Economic Reforms, in association with the Osteurope-Institut and Südost-Institut, Munich, in September 1990 in Tegernsee (Germany). The results of this Symposium, which involved about 50 economists from the transition and western countries and United Nations experts, will be published under the title "Foreign Economic Relations of Eastern Europe and the Soviet Union".

24. The Economic Survey of Europe in 1990-1991, in addition to the analysis of current economic developments and short-term prospects, will contain a chapter devoted to various problems and policies during the transformation of economies in transition into open market economies. The main ideas contained in this chapter will be presented to the Senior Economic Advisers for discussion on the impact of dismantling of the CMEA trade and payments system on the economies in transition of central and eastern Europe and east-west economic relations.

25. At an Ad hoc Meeting on International Trade and Structural Change, to be held from 26 to 28 March 1991, it is expected that related problems of central and east European economies in transition will also be considered. Two issue papers have been prepared by the secretariat: (a) Structural issues and foreign trade in transition to a market economy, and (b) Reform of foreign economic relations in the countries in transition to a market economy.

Food and agriculture (including forestry products)

26. In October 1990 the Timber Committee prepared a programme of assistance to the economies in transition, based on proposals after consultation with the transition countries. These countries were invited to select their priorities

from the list of proposals and exploratory contacts were made to find countries to sponsor or offer facilities for missions of experts, study visits or training courses.

27. At a Seminar to be held in Poland in May 1991 industry and market specialists from different countries will be brought together for informal discussions on possible activities in support of economies in transition.

28. At a joint meeting of ECE and FAO bodies on the impact of air pollution on forests, it was suggested that the planned study tour in the Czech and Slovak Federal Republic in 1992 should be transformed into a workshop with study visits, aimed especially at the countries in transition where some of the most severe forest damage in Europe has occurred.

Environment

29. The Senior Advisers on Environmental and Water Problems decided to promote the improvement of environmental management in the light of changing socio-economic conditions and the integration of environmental considerations in planning, decision-making and economic activities in countries in transition. The ECE has been invited to attend the G-24 Working Group on Environment.

Human settlements

30. The Committee on Housing, Building and Planning selected assistance to countries in transition to a market economy as one of its overall priorities. The work will be pursued within the framework of existing programme elements, and also under a new one on "human settlements policies in the context of socio-economic transition".

31. Special attention was given to the situation in transition countries at the Seminar on Distributional Aspects of Housing and Taxation Policies (Sweden, October 1990). The Seminar on Comprehensive Policies for Renewal and Modernization of Human Settlements, to be held in Leningrad (USSR) in May 1991 will provide a further opportunity to discuss related problems and policies of transition countries.

Industrial development

32. Specific projects which address the particular needs of economies in transition have been added to the programmes of work of the Working Parties in this sector. There has also been a shift in emphasis in certain activities to focus attention on problems affecting those economies. Thus the Working Party on the Chemical Industry decided to look at joint ventures as well as the requirements for 100% direct investments and the role of chemical industry federations in the establishment of market-oriented institutions in eastern Europe. Furthermore, it was decided to allocate one day of the three available during the high-level meeting on sustainable development in the chemical industry to a discussion on how to meet the needs of chemical industries in the economies in transition. The Working Party on Steel will organize in 1992 a Seminar on the Steel Industry in Countries in Transition.

International trade and development finance

33. The Committee on the Development of Trade requested the secretariat to broaden its study of foreign direct investment in countries in transition so as to include linkages with problems of privatization and restructuring of ownership, as well as obstacles to investment flows such as policy barriers and inconvertibility of currencies. These matters could also be considered in workshops and seminars.

34. The Working Party on International Contract Practices is preparing a Guide on legal aspects of privatization in industry, which covers the main legal issues and problems raised in privatization in the countries in transition, conditions for privatization, and basic methods and procedures of privatization. The Guide should be adopted at the end of 1991.

Energy issues

35. The Working Party on Gas agreed on a new work area on economic reforms and restructuring in eastern and central Europe and their implications and significance on gas markets and the gas industry in the ECE region. Similarly, the Working Party on Electric Power introduced a new work area on the implications of economic reforms in central and eastern Europe on electric power demand, supply and co-operation. The same process is under way in the field of coal. The secretariat prepared a publication on "Energy Reforms in Central and Eastern Europe - the first year" (ECE Energy Series No. 7). The secretariat attends the meetings of the G-24 Working Group on Energy on a regular basis.

Science and technology

36. The Senior Advisers on Science and Technology agreed to hold a forum discussion in 1991 on "The Organization and Management of R and D and Economies in Transition". They also agreed that the next quadrennial review of changes in national policies, priorities and institutions, to be carried out in 1992, might focus on policy issues related to economies in transition.

Transport, communications and tourism

37. The Inland Transport Committee agreed to assign a co-ordinating role in assisting countries in transition to the Working Party on Transport Trends and Economics and agreed that representatives of financing institutions, e.g. World Bank, EIB, EBRD, should be invited to meetings dealing with subjects involving possible investments in the transport sector of the ECE region. The European Community has expressed interest in participating in the workshop to be held in Hungary in September 1991 on inland water transport issues.

Statistics

38. In addition to the wide range of activities carried out by the Conference of European Statisticians and its secretariat, described in part A above, a training seminar was organized in Sofia (Bulgaria) under the auspices of the central statistical offices of the Netherlands and Denmark. The secretariat served as the "match-maker" for this event.

39. The needs of transition countries were also taken up during regular meetings, e.g. at the Joint ECE/ILO Meeting on Labour Force Statistics in February 1991, the question of the requirements for the development of labour statistics in transition countries was examined.

40. Consultations between national statistical experts in market economy countries and their counterparts in transition countries have been arranged by the ECE secretariat. Advice is provided for projects elaborated by national statistical offices in transition countries. A Newsletter is published on these transition projects.

41. Overall co-ordination of support provided to statistical services in transition is ensured by the Inter-secretariat Working Group on Co-ordination of Statistical Activities by International Institutions in Central and Eastern Europe, convened under the auspices of Eurostat. The ECE secretariat regularly participates in meetings of the Working Group.

ANNEX I

CHECKLIST OF WORKSHOPS ON ECONOMIES IN TRANSITION

(PROVISIONAL: Position on 15 March 1991)

TITLE OF WORKSHOP	PLACE / TIME	HOST COUNTRY AND OTHER SPONSORS	CO-OPERATING INTERNATIONAL ORGANIZATION
DEVELOPMENT ISSUES AND POLICIES			
Restructuring of state-owned enterprises in the reforming countries of eastern Europe	Vienna, 6-7.6.1991	Austria	
Fixed assets valuation before privatization (tentative title)	Budapest, 1991	Hungary	
FOOD AND AGRICULTURE (including forestry products)			
Organization and management of forestry under market economy conditions	Hungary, 30.9-4.10.91	Hungary; Norway (subject to confirmation)	World Bank (subject to confirmation)
ENVIRONMENT			
Workshop on Costing and Funding of Environment Policies in the context of Competing Priorities, with special Reference to the Needs of Countries in Transition	Hungary, Autumn 1991	Hungary	In co-operation with OECD
Workshop on Nature Conservation Policies in Countries in Transition	Romania, Autumn 1991	Romania	

TITLE OF WORKSHOP	PLACE / TIME	HOST COUNTRY AND OTHER SPONSORS	CO-OPERATING INTERNATIONAL ORGANIZATION
HUMAN SETTLEMENTS			
Workshop on Rent Policy	Bucharest, 11-14.12.90	Romania	
Workshop on Financing of Housing	Bratislava, Czech and Slovak Federal Republic, 9-12.4.91	Czech and Slovak Federal Republic, Poland and Hungary	
Reformulation of tasks of public authorities responsible for the building sector	Autumn 1991	Poland (subject to confirmation)	
Workshop on Urban and Regional Planning in historical landscape structures	Banská Stiavnica, Czech and Slovak Federal Republic, 21-23.10.91		
Workshop on Housing Policy and Administration	Germany, Autumn 1991	Germany in co-operation with France	
INDUSTRIAL DEVELOPMENT			
The USSR Steel Industry in transition towards market economy condition	Moscow, 4-6.3.1991	USSR; USSR Magnitogorskii Metallurgical Combine, Magnitogorsk & Central Research Institute for Iron and Steel Industry, Moscow	
The Bulgarian Steel Industry in transition to market economy conditions (subject to confirmation)	Sofia, 2nd quarter 1991	Bulgaria	
Methods of Improving the Effectiveness of the Polish Chemical Industry	Warsaw, June 1991	Poland	

TITLE OF WORKSHOP	PLACE / TIME	HOST COUNTRY AND OTHER SPONSORS	CO-OPERATING INTERNATIONAL ORGANIZATION
Industrial development (cont.)			
Establishment and operation of a Chemical Industry Federation in the CSFR	Prague, June or September 1991	Czech and Slovak Federal Republic	
Ways and means of increasing innovative work of small and medium-sized enterprises (subject to confirmation)	Warsaw, 4th quarter 1991	International Association EAST-WEST for promotion of Economic, Scientific and Cultural Relations Warsaw, Poland	
Re-structuring of the Romanian Steel Industry	Romania, 2-4.10.1991	Romania	
INTERNATIONAL TRADE AND DEVELOPMENT FINANCE			
Conformity assessment and/or harmonization	Bucharest (Romania) 5.9.1991	Romania	
Conformity assessment and/or harmonization (food industry)	Bulgaria, late 1991 or 1992	Bulgaria	
Conformity assessment and/or harmonization (machine tools)	Bulgaria, late 1991 or 1992	Bulgaria	
Management of joint ventures	21 May 1991	Vienna, Austria (Bundes-wirtschaftskammer)	
Conformity assessment and/or harmonization	Czech and Slovak Federal Republic, late 1991 or 1992	Czech and Slovak Federal Republic	

TITLE OF WORKSHOP	PLACE / TIME	HOST COUNTRY AND OTHER SPONSORS	CO-OPERATING INTERNATIONAL ORGANIZATION
International trade and development finance (cont.)			
Conformity assessment and/or harmonization	USSR, 1st quarter 1992	USSR	
Conformity assessment and/or harmonization	Poland, 1992	Poland	
East-west trade prospects and new business opportunities	1992	Malta	
ENERGY			
Consultation on the market adaptation of coal industries in central and eastern Europe	Prague/Paris, 25-30.6.1990	France, Czech and Slovak Federal Republic	
Briefing and consultation on the Romanian electric power situation, prospects and investment needs	Iassi-Moldavia, (Romania) 6.11.1990	Romania	
Gas pricing principles and tariffs design	Prague (Czech and Slovak Federal Republic) (tentative) 3-6.6.91	Czech and Slovak Federal Republic (tentative)	World Bank
Market adaptation of coal industries in central and eastern Europe (2nd consultation)	Hungary, 20-24.5.91	Hungary	
Development of electric power systems, and public acceptance	Warsaw, 17-18.9.1991	Poland	
Electricity tariffs, electricity use and environmental protection	Lausanne (Switzerland) 11.9.1992	Switzerland	Joint with UNIPEDE

TITLE OF WORKSHOP	PLACE / TIME	HOST COUNTRY AND OTHER SPONSORS	CO-OPERATING INTERNATIONAL ORGANIZATION
TRANSPORT, COMMUNICATIONS AND TOURISM			
Relationship between state and railway companies	Budapest, 15-16.10.91	Hungary	
Organization of the road transport profession including introduction to market conditions and access to the profession	Bucharest, September-October 1991	Romania	International Road Transport Union
Access to the market in inland navigation including elimination of technical barriers	Budapest, 10-13.9.91	Hungary	EC
STATISTICS			
Workshop on transition problems in Statistical Offices	Geneva, 21-23.5.1990	Switzerland, World Bank	World Bank
Workshop on Data Collection from Private Institutions	Prague, 28.5-1.6.1990	CSFR (Statistical Offices of Germany, Netherlands, Norway, Sweden, United Kingdom) OECD	OECD
Conference on Statistics of Central and East European Countries	Paris, 10-12.9.1990		OECD
Consultation on business tendency surveys in transition countries	Geneva, 8-9.10.1990		
Workshop on Major Fields of Transition Problems	Budapest, 15-19.10.90	Hungary, FSO Germany	
Development of Statistics of Handicraft	Warsaw, 19-22.11.1990	Poland, FSO Germany	

TITLE OF WORKSHOP	PLACE / TIME	HOST COUNTRY AND OTHER SPONSORS	CO-OPERATING INTERNATIONAL ORGANIZATION
Statistics (cont.)			
Seminar on Economic Classifications	Sofia, 10-14.12.1990	Bulgaria (National Statistical Offices Denmark, France and Netherlands)	
Workshop on Financial Statistics	Geneva, 14-17.1.1991	German Federal Bank, Statistics Sweden, IMF	IMF
International migration between Austria, Germany, Hungary and Romania	Vienna, 8-10.4.1991	Austria	IMF
Work session on business registry	Geneva, 7-8.5.1991		Eurostat